

# Town of Los Altos Hills

## City Council Special Meeting Minutes

Thursday, June 14, 2007  
Council Chambers, 26379 Fremont Road

### 1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Warshawsky called the City Council Special Meeting to order at 6:00 p.m. in the Council Chambers at Town Hall.

Present: Mayor Dean Warshawsky, Mayor Pro Tem Craig A.T. Jones, Councilmember Breene Kerr, Councilmember Jean Mordo and Councilmember Mike O'Malley

Absent: None

Staff: City Manager Carl Cahill; Interim City Engineer Cyrus Kianpour, Interim Administrative Services Director Judy Kozuki, Planning Director Debbie Pedro, City Attorney Steve Mattas, and City Clerk Karen Jost

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Mordo and passed unanimously to limit comments from the floor to two minutes.

### 2. CONSIDERATION OF A RESOLUTION SETTING A PUBLIC HEARING FOR THE ADOPTION OF A RESOLUTION INCREASING SEWER SERVICE CHARGES IN BOTH THE PALO ALTO AND LOS ALTOS SEWER BASINS, PRELIMINARILY APPROVING THE DRAFT SEWER SERVICE CHARGE STUDY, AND DIRECTING STAFF TO MAIL THE NOTICES REQUIRED BY LAW

City Manager Carl Cahill introduced the item. Council had before them the "Sewer Service Charge and Connection Fee Study" prepared by H&H Consultants; a copy of the resolution setting the public hearing for consideration of a resolution increasing sewer service charges; and, a copy of the draft notices to be mailed to all Town residents currently receiving sewer service within the Palo Alto and Los Altos Sewer Basins.

Cahill explained that the sewer study had been under the direction of former City Engineer Henry Louie and any rate increase was being considered for FY 08-09. However, during review of the sewer study at the Finance and Investment Committee (FIC) meeting earlier in the week, it was determined that there was appropriate time for consideration of revised rates for the upcoming FY 07-08. Cahill reviewed Proposition 218 legal noticing and public hearing requirements, and protest process that must be met to raise a fee and the deadline for submitting the new rate, if approved, to the County assessor for inclusion on the tax bill for 2007-2008. Cahill noted that the FIC had

unanimously approved moving forward with the proposed fee. Any postponement of the revised rate would most likely lead to the necessity of a greater rate increase in the future.

Cahill introduced John Farnkopf, HFH Consultants. Farnkopf proceeded with a PowerPoint presentation and review of the tables included in the "Sewer Service Charge and Connection Fee Study" report. The study included an overview and history of sewer rates; projected proposed revenue increases that would generate sufficient additional revenue to cover the increasing revenue requirements; LAH current and proposed annual fees compared with similar communities; Sewer Fund balance with and without a rate increase; and, cost per connection related to expansion projects. Farnkopf reviewed the graph that detailed the projected growth and revenue from current rates and a ten year projection of the Town's revenue requirements that must be generated by sewer service charges. The Town's future expenses were based on the preliminary FY 2007-08 operating and capital improvement budget and extrapolated to FY 2026-27 based on inflation, growth and other associated costs. A deficit was projected for FY 2006-07 and additional, increasingly larger deficits were projected in subsequent years without rate increases.

Farnkopf provided an overview of the rate increase and subsequent increases that were being proposed to off set the deficit and maintain the Sewer Fund at an appropriate target balance.

Cahill clarified that going forward all residents served by the Town, including those in the Sphere of Influence, would be charged the same rate. He noted that there were several outstanding issues that needed to be resolved with the County to have the fee, if approved, on the Tax rolls but staff was working to address the problems.

*Council discussion ensued.*

O'Malley offered that the Town's Sewer Fund was currently being used for maintenance of the aging infrastructure and projects including the Pine Lane Diversion Project and the study and proposed rate analysis did not include any expansion projects. He supported moving forward with the proposed increase for the FY '07-08 to curb the projected deficit, noting that if Council did not act, it would be another eighteen months before the Town would receive an increase. O'Malley believed that it was appropriate to raise the annual fee and then revisit the sewer fee charge after there was a better assessment of the Town's needs.

Councilmember Mordo suggested that the Council consider a multi-year approach to the sewer charge. He noted that the process to raise fees was cumbersome and this would allow the Council to increase the rates as needed. If a multi-year increase was approved, and the designated amount was not needed (example 10%), Council could stipulate what was needed up to the 10% after a more refined analysis. He noted that most likely, the Council would have to initiate the process again in April to raise the rates for FY '08-09 if they approved a single year increase.

City Manager Cahill offered that both approaches had advantages. He suggested that because the Town had not raised rates for the past five years, a rate increase was needed

and most likely, if the multi-year program was not approved, it was probable that a rate increase would have to be revisited next year. Cahill noted that a single year increase would allow time to evaluate the sewer costs and needs before returning to the public.

MOTION SECONDED AND CARRIED: Moved by Jones, seconded by O'Malley and passed unanimously to adopt Resolution No. 31-07 "Setting a Public Hearing for the Consideration of a Resolution Increasing Sewer Service Charges in both the Palo Alto and Los Altos Sewer Basins, Preliminarily approving the Draft Sewer Charge Study, and Directing the Staff to Mail the Notices Required by Law". The Notice approved by Council for mailing to the residents was for a proposed single year rate increase.

3. PRESENTATIONS FROM THE FLOOR

None

4. ADJOURNMENT

The meeting was adjourned by consensus of the City Council at 6:35 p.m.

Respectfully submitted,

Karen Jost  
City Clerk

The minutes were approved as presented at the City Council Regular Meeting held on July 12, 2007.